DEPARTMENT OF AGRICULTURE

Rural Utilities Service

Broadband Initiatives Program

RIN: 0572-ZA01

DEPARTMENT OF COMMERCE

National Telecommunications and Information Administration

Broadband Technology Opportunities Program

RIN: 0660-ZA28

Docket No: 0907141137-91375-05

AGENCIES: Rural Utilities Service (RUS), Department of Agriculture, and National Telecommunications and Information Administration (NTIA), Department of Commerce.

ACTION: Joint Request for Information.

SUMMARY: RUS and NTIA announce the release of a joint Request for Information (RFI) seeking public comment on certain issues relating to the implementation of the Broadband Initiatives Program (BIP) and the Broadband Technology Opportunities Program (BTOP). This is the second joint RFI that the agencies have issued since the enactment of the American Recovery and Reinvestment Act of 2009 (Recovery Act), which established these broadband initiatives. The input the agencies expect to receive from this process is intended to inform the second round of funding. In particular, the agencies seek to gather information that will help them improve the broadband programs by enhancing the applicant experience and making targeted revisions to the first Notice of Funds Availability (NOFA), if necessary.

DATES: Comments must be received by **[insert 14 days after publication in the Federal Register]** at 5:00 p.m. Eastern Standard Time.

ADDRESSES: Interested parties are encouraged to file comments electronically via e-mail to broadbandrfi@ntia.doc.gov. Paper comments should be sent to: Broadband Initiatives Program, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Avenue, SW, Stop 1599, Washington, DC 20250, and Broadband Technology Opportunities Program, National Telecommunications and Information Administration, U.S. Department of Commerce, HCHB Room 4887, 1401 Constitution Avenue, NW, Washington, DC 20230.

FOR FURTHER INFORMATION CONTACT: For general inquiries regarding BIP, contact David J. Villano, Assistant Administrator, Telecommunications Program, Rural Utilities Service, email: bip@wdc.usda.gov, telephone: (202) 690-0525. For general inquiries regarding BTOP, contact Anthony Wilhelm, Deputy Associate Administrator, Infrastructure Division, Office of Telecommunications and Information Applications, National Telecommunications and Information Administration, email: btop@ntia.doc.gov, telephone: (202) 482-2048.

SUPPLEMENTARY INFORMATION: On February 17, 2009, President Obama signed the Recovery Act into law.[1] The Recovery Act establishes five statutory purposes: to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to increase economic efficiency by spurring technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and to stabilize state and local government budgets.[2]

Consistent with these statutory purposes, the Recovery Act provides RUS and NTIA with $7.2 billion to expand access to broadband services in the United States. In so doing, it recognizes the growing importance of access to broadband services to economic development and to the quality of life of all Americans. Specifically, the Recovery Act expands RUS's existing authority to make loans and provides new authority to make grants for the deployment and construction of broadband systems in rural America. The purpose of the expanded RUS broadband authority is to improve access to broadband in rural areas without service or that lack sufficient access to high-speed broadband service, and to facilitate economic development. In addition, the Recovery Act requires NTIA to establish BTOP, which makes available grants for deploying broadband infrastructure in unserved and underserved areas in the United States, enhancing broadband capacity at public computer centers, and promoting sustainable broadband adoption. In facilitating the expansion of broadband communications services and infrastructure, both programs will advance the objectives of the Recovery Act by spurring job creation and stimulating long-term economic growth and opportunity.

On March 9, 2009, RUS and NTIA jointly issued an initial RFI seeking public comment on issues relating to the implementation of these programs. More than 1,000 public comments were received in response to the RFI and these comments were used to develop the NOFA, which was

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[1] American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009).
[2] Recovery Act § 3(a), 123 Stat. at 115–16.

published in the Federal Register on July 9, 2009. The NOFA allocated up to $4 billion in funding for BIP and BTOP projects, including Broadband Infrastructure projects, Public Computer Center projects, and Sustainable Broadband Adoption projects. It also set forth key definitions that are used in the programs, established basic eligibility requirements and evaluation criteria, and provided additional information for applicants on how to obtain funding. In response to the NOFA, RUS and NTIA received over 2,200 applications requesting nearly $28 billion in funding, with projects reaching across all 50 states, five territories, and the District of Columbia.

Before initiating the second round of funding, RUS and NTIA are requesting additional public comment on certain aspects of BIP and BTOP. RUS and NTIA seek to improve the applicant experience and strengthen the program impact of BIP and BTOP in achieving Recovery Act objectives. Please note that topics discussed in this request for information will not apply to the initial funding round, but will apply only to the second round.

Matters To Be Considered: Information is being sought on the topics discussed herein. Interested parties are invited to submit comments for the record on these topics. Comments must be received by **[insert 14 days after publication in the Federal Register]** at 5:00 p.m. Eastern Standard Time.

I. The Application and Review Process

   A. *Streamlining the Applications.* For the first round of funding, applicants were required to complete a broadband infrastructure application, public computer center application, or sustainable broadband adoption application, depending on the type of project being proposed. For each application, the NOFA required applicants to respond to a number of questions and submit certain data. Those applicants considered highly qualified after completion of step one of the review process were required to submit additional information during a step two "due diligence" phase to substantiate the representations provided in the application.[3] Some stakeholders, especially applicants completing the broadband infrastructure application, stated during the first round application process that completing the initial application was overly burdensome based on the questions asked and the number of attachments required. RUS and NTIA tentatively conclude that the application process should be streamlined. In what ways should RUS and NTIA streamline the applications to reduce the burden on applicants, while still obtaining the requisite information to fulfill the statutory requirements set forth in the Recovery Act? Should the agencies modify the two-step review process, and if so, how? Should certain attachments be eliminated, and if so, which ones? Should the agencies re-examine the use of a single application for applicants applying to both BIP and BTOP to fund infrastructure projects? How should NTIA link broadband infrastructure, public computer center and sustainable adoption projects through the application process?

      1. *New Entities.* What type of information should RUS and NTIA request from new businesses, particularly those that have been newly created for the purpose of applying for grants under the BIP and BTOP programs? For example, should the agencies eliminate the requirement to provide historical financial statements for recently-created entities?

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[3] 74 Fed. Reg. at 33107.

2. *Consortiums and Public-Private Partnerships.* Similarly, how should the application be revised to reflect the participation of consortiums or public-private partnerships in the application process? Should certain critical information be requested from all members of such groups, in addition to the designated lead applicant, to sufficiently evaluate the application? If so, what type of information should RUS and NTIA request?

3. *Specification of Service Areas.* The broadband infrastructure application required applicants to submit data on a census block level in order to delineate the proposed funded service areas. Some applicants found this requirement burdensome. What level of data collection and documentation should be required of applicants to establish the boundaries of the proposed funded service areas?

4. *Relationship between BIP and BTOP.* The Recovery Act prohibits a project from receiving funding from NTIA in areas where RUS has funded a project.[4] Section VI.C.1.a.i of the NOFA required that infrastructure applications consisting of proposed funded service areas which are at least 75% rural be submitted to and considered under BIP, with the option of additional consideration under BTOP.[5] According to the NOFA, NTIA will not fund such an application unless RUS has declined to fund it.[6] RUS and NTIA are presently reviewing joint applications consistent with the process set forth in the NOFA. Should these kinds of rural infrastructure applications continue to be required to be submitted to RUS or should the agencies permit rural applications to be submitted directly to NTIA, without having to be submitted to RUS as well, and if so, how should NTIA and RUS proceed in a manner that rewards the leveraging of resources and the most efficient use of Federal funds? Are there situations where it is better to give a loan to an applicant as opposed to a grant? Are there applicants for which a loan would not be acceptable, and if so, how should the programs consider them?

B. *Transparency and Confidentiality.* Consistent with the Administration's policy and the Recovery Act's objective to ensure greater transparency in government operations, RUS and NTIA are considering whether they should permit greater access, consistent with applicable Federal laws and regulations, to certain applicant information to other applicants, policymakers, and the public, including state and tribal governments. Should the public be given greater access to application data submitted to BIP and BTOP? Which data should be made publicly available and which data should be considered confidential or proprietary? For example, RUS and NTIA tentatively conclude that the application's executive summary should be made publicly available for the second round of funding.

C. *Outreach and Support.* For the initial round of funding, RUS and NTIA provided multiple means of applicant support and outreach, including hosting national workshops and minority outreach seminars, publicly releasing an application guidance manual, posting responses to Frequently Asked Questions on www.broadbandusa.gov, and establishing a Help Desk that fielded thousands of telephone and e-mail inquiries. What method of support and outreach was most effective? What should be done differently in the next round of funding to

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[4] Recovery Act, div. A, tit. I, 123 Stat. at 118-19.
[5] 74 Fed. Reg. at 33113.
[6] *Id.* at 33105.

best assist applicants?

D. *NTIA Expert Review Process.* During the first round of funding, NTIA utilized panels of at least three independent reviewers to evaluate BTOP applications.[7] A number of stakeholders have questioned whether this is the most effective approach to evaluating BTOP applications. To further the efficient and expeditious disbursement of BTOP funds, should NTIA continue to rely on unpaid experts as reviewers? Or, should we consider using solely Federal or contractor staff?

II. Policy Issues Addressed in the NOFA

A. *Funding Priorities and Objectives.* Section IV.B of the NOFA establishes the funding limits for the first round of BIP and BTOP funding.[8] In particular, RUS set aside approximately $2.4 billion in funding, with up to $1.2 billion available for last mile projects, up to $800 million available for middle mile projects and up to $325 million available for a national reserve. NTIA allocated up to $1.2 billion for broadband infrastructure projects, up to $50 million for public computer center projects, up to $150 million for sustainable broadband adoption projects, and up to $200 million as a national reserve. Many parties have publicly made suggestions as to how the NOFA could be modified to ensure that the Recovery Act funds make the greatest impact possible. RUS and NTIA welcome suggestions for targeted funding proposals and seek comment on how they can better target their remaining funds to achieve the goals of the Recovery Act. Below we set forth some examples of types of projects we could specifically target. We seek comment on these proposals as well as any others.

RUS and NTIA request commenters that are proposing a more targeted approach for round 2 projects to support their proposal with quantitative estimates of the projected benefits of adopting such an approach. For example, commenters should quantify the impact of their proposal based on such metrics as the number of community anchor institutions committing to service, the number of last mile providers committing to utilize middle mile projects, the number of end users reached by the proposal, the number of new jobs created, directly and indirectly, and the projected increase in broadband adoption rates, as well as any other metrics necessary to justify the adoption of their proposal and ensure that the benefits of the Recovery Act are being realized. Commenters should explain the basis and method of calculation for the quantifications they provide.

1. *Middle Mile "Comprehensive Community" Projects.*   Should RUS and/or NTIA focus on or limit round 2 funding on projects that will deliver middle mile infrastructure facilities into a group of communities and connect key anchor institutions within those communities? Ensuring that anchor institutions, such as community colleges, schools, libraries, health care facilities, and public safety organizations, have high-speed connectivity to the Internet can contribute to sustainable community growth and prosperity. Such projects also have the potential to stimulate the development of last mile services that would directly reach end users in unserved and underserved areas. Additionally, installing such middle mile facilities could have a transformative impact on community development by driving economic growth.

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[7] *Id.* at 33107.
[8] *Id.* at 33110.

Should we give priority to those middle mile projects in which there are commitments from last mile service providers to use the middle mile network to serve end users in the community? Should the agencies' goal be to fund middle mile projects that provide new coverage of the greatest population and geography so that we can be assured that the benefits of broadband are reaching the greatest number of people? Should we target projects that create "comprehensive communities" by installing high capacity middle mile facilities between anchor institutions that bring essential health, medical, and educational services to citizens that they may not have today? Should certain institutions, such as educational facilities, be given greater weight to reflect their impact on economic development or a greater need or use for broadband services? If so, what specific information should RUS and NTIA request from these institutions?

To the extent that RUS and NTIA do focus the remaining funds on "comprehensive community" projects, what attributes should the agencies be looking for in such projects? For example, are they most sustainable to the extent that they are public-private partnerships through which the interests of the community are fully represented? Should we consider the number of existing community anchor institutions that intend to connect to the middle mile network as well as the number of unserved and underserved communities and vulnerable populations (i.e., elderly, low-income, minority) that it will cover? How should RUS and NTIA encourage appropriate levels of non-Federal (State, local, and private) matching funds to be contributed so that the potential impact of Federal funds is maximized? In addition, should we consider the extent of the geographic footprint as well as any overlap with existing service providers?

2. *Economic Development*. Should RUS and/or NTIA allocate a portion of the remaining funds available under the BIP and BTOP programs to promote a regional economic development approach to broadband deployment? This option would focus the Federal broadband investment on communities that have worked together on a regional basis to develop an economic development plan. It would encompass a strategy for broadband deployment, and would link how various economic sectors benefit from broadband opportunities. Such a regional approach would seek to ensure that communities have the "buy-in," and the capacity, and the long-term vision to maximize the benefits of broadband deployment. Using this option, NTIA and RUS could target funding toward both the short term stimulus of project construction and the region's longer term development of sustainable growth and quality jobs. For instance, rather than look at broadband investments in both rural and urban communities as stand-alone actions, should RUS and NTIA seek applications for projects that would systematically link broadband deployment to a variety of complementary economic actions, such as workforce training or entrepreneurial development, through targeted regional economic development strategic plans? Should funds be targeted toward areas, either urban or rural, with innovative economic strategies, or those suffering exceptional economic hardship? Should states or regions with high unemployment rates be specifically targeted for funding?

3. *Targeted Populations*. Should RUS and NTIA allocate a portion of the remaining funds to specific population groups? For example, should the agencies revise elements of the BIP and BTOP programs to ensure that tribal entities, or entities proposing to serve tribal lands, have sufficient resources to provide these historically unserved and underserved areas with access to broadband service? Similarly, should public housing

authorities be specifically targeted for funding as entities serving low-income populations that have traditionally been unserved or underserved by broadband service? How can funds for Public Computer Centers and Sustainable Broadband Adoption projects be targeted to increase broadband access and use among vulnerable populations? Should NTIA shift more BTOP funds into public computer centers than is required by the Recovery Act? In what ways would this type of targeted allocation of funding resources best be accomplished under the statutory requirements of each program? Should libraries be targeted as sites for public computer access, and if so, how would BTOP funding interact with e-Rate funding provided through the Schools and Libraries program?

4. *Other Changes.* To the extent that we do target the funds to a particular type of project or funding proposal, how if at all, should we modify our evaluation criteria? How should we modify the application to accommodate these types of targeted funding proposals? For example, should any steps be undertaken to adjust applications for satellite systems that provide nationwide service, but are primarily intended to provide access in remote areas and other places not served by landline or wireless systems? Are there any other mechanisms the agencies should be exploring to ensure remaining funds have the broadest benefit? How might the agencies best leverage existing broadband infrastructure to reach currently unserved and underserved areas? Are there practical means to ensure that subsidies are appropriately tailored to each business case? For example, should the agencies examine applicant cost and revenue estimates, and adjust the required match accordingly? Could elements of an auction-like approach be developed for a particular class of applications or region? If so, how would the agencies implement such an approach in a manner that is practical within program constraints and timeliness?

B. *Program Definitions.* Section III of the NOFA describes several key definitions applicable to BIP and BTOP, such as "unserved area," "underserved area," and "broadband."[9] These definitions were among the most commented upon aspects of the NOFA.

For example, a number of applicants have suggested that the definitions of unserved and underserved are unclear and overly restrictive; that they kept many worthy projects, particularly those in urban areas, from being eligible for support; that there was insufficient time to conduct the surveys or market analyses needed to determine the status of a particular census block area; and that they discouraged applicants from leveraging private investment for infrastructure projects. In what ways should these definitions be revised? Should they be modified to include a specific factor relating to the affordability of broadband service or the socioeconomic makeup of a given defined service area, and, if so, how should such factors be measured? Should the agencies adopt more objective and readily verifiable measures, and if so, what would they be? How should satellite-based proposals be evaluated against these criteria?

With respect to the definition of broadband, some stakeholders criticized the speed thresholds that were adopted and some argued that they were inadequate to support many advanced broadband applications, especially the needs of large institutional users. Should the definition of broadband include a higher speed and should the speeds relate to the types of projects? Should the agencies incorporate actual speeds into the definition of broadband and forego using

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[9] *Id.* at 33108.

advertised speeds? If so, how should actual speeds be reliably and consistently measured?

The NOFA defines "remote area" as an unserved, rural area 50 miles from the limits of a non-rural area.[10] The rural remote concept aims to address the prohibitive costs associated with broadband deployment in communities that are small in size and substantially distant from urban areas and their resources. The definition adopted in the NOFA was intended to ensure that the most isolated, highest-cost to serve, unserved communities could receive the benefit of up to 100 percent grant financing. The geographic factor upon which an area was determined to be eligible was its distance from a non-rural area; in this case, 50 miles. RUS heard from many interested parties, including members of Congress, on this definition. Many believed it was overly restrictive, thereby eliminating too many areas that were not 50 miles or more from a non-rural area but were nonetheless a fair distance away and unserved. Comment is requested on the definition of remote area, as well as whether this concept should be a factor in determining award decisions. Should factors other than distance be considered, such as income levels, geographic barriers, and population densities?

     C. *Public Notice of Service Areas.* Section VII.B of the NOFA allowed for existing broadband service providers to comment on the applicants' assertions that their proposed funded service areas are unserved or underserved.[11] Some stakeholders have suggested that this rule may reduce incentives for applicants to participate in the BIP and BTOP programs because of the risk that their applications may be disqualified from funding on the basis of information submitted by existing broadband service providers that they have no means to substantiate or rebut. How should the public notice process be refined to address this concern? What alternative verification methods could be established that would be fair to the applicant and the entity questioning the applicant's service area? Should the public notice process be superseded where data becomes available through the State Broadband Data and Development Grant Program that may be used to verify unserved and underserved areas? What type of information should be collected from the entity questioning the service area and what should be publicly disclosed?

     D. *Interconnection and Nondiscrimination Requirements.* Section V.C.2.c of the NOFA establishes the nondiscrimination and interconnection requirements.[12] These requirements generated a substantial amount of debate among applicants and other stakeholders. Although RUS and NTIA are not inclined to make significant changes to the interconnection and nondiscrimination requirements, are any minor adjustments to these requirements necessary? In particular, should they continue to be applied to all types of infrastructure projects regardless of the nature of the entity? Should the scope of the reasonable network management and managed services exceptions be modified, and if so, in what way? Is it necessary to clarify the term "interconnection" or the extent of the interconnection obligation?

     E. *Sale of Project Assets.* Section IX.C.2 of the NOFA generally prohibits the sale or lease of award-funded broadband facilities, unless the sale or lease meets certain conditions.[13]

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[10] *Id.* at 33109.
[11] *Id.* at 33122.
[12] *Id.* at 33110.
[13] *Id.* at 33123.

Specifically, the agencies may approve a sale or lease if it is for adequate consideration, the purchaser agrees to fulfill the terms and conditions relating to the project, and either the applicant includes the proposed sale or lease in its application as part of its original request for grant funds or the agencies waive this provision for any sale or lease occurring after the tenth year from the date the grant, loan, or loan/grant award is issued. Some stakeholders have suggested that this rule is overly restrictive and is a barrier to participation in BIP and BTOP. Should this section be revised to adopt a more flexible approach toward awardee mergers, consistent with USDA and DOC regulations, while still ensuring that awardees are not receiving unjust enrichment from the sale of award-funded assets for profit?[14]

F. *Cost Effectiveness.* How should NTIA and RUS assess the cost effectiveness or cost reasonableness of a particular project? For example, in the context of infrastructure projects, how should we consider whether the costs of deploying broadband facilities are excessive? In BTOP, one of the Project Benefits that NTIA considers is "cost effectiveness," when scoring an application. This is measured based on the ratio of the total cost of the project to households passed. However, such costs will necessarily vary based on the particular circumstances of a proposed project. For example, extremely rural companies typically have much higher construction costs than more densely populated ones. Also, geographic areas that experience extreme weather or are characterized by difficult terrain will dictate higher per household costs. Similarly, the technology that is chosen to provide the service (e.g., fiber vs. wireless) would influence the costs. And finally, smaller companies as measured by subscriber count would necessarily have a higher cost per subscriber than larger companies. How should the agencies take these various factors into consideration when evaluating broadband infrastructure projects? What evidence should we require from applicants to ensure that unnecessary costs have not been added to the project?

G. *Other.* What other substantive changes to the NOFA should RUS and NTIA consider that would encourage applicant participation, enhance the programs, and satisfy the goals of the Recovery Act?

III. Status

Interested parties are invited to submit written comments. Written comments that exceed five pages should include a one-page executive summary. Submissions containing ten (10) or more pages of text must include a table of contents and an executive summary. Interested parties are encouraged to file comments electronically via e-mail to broadbandrfi@ntia.doc.gov. Parties submitting documents containing ten (10) or more pages are strongly encouraged to submit them electronically. Comments provided via e-mail may be submitted in one or more of the formats specified below. Comments must be received by **[insert 14 days after publication in the Federal Register]** at 5:00 p.m. Eastern Standard Time.

Paper comments should be sent to: Broadband Initiatives Program, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Avenue, S.W., Stop 1599, Washington, DC 20250, and Broadband Technology Opportunities Program, National Telecommunications and Information Administration, U.S. Department of Commerce, HCHB Room 4887, 1401

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[14] *See, e.g.,* 15 C.F.R. §§ 14.32-37; 7 C.F.R. Part 3015.

Constitution Avenue, NW, Washington, DC 20230. Please note that all material sent via the U.S. Postal Service (including ''Overnight'' or ''Express Mail'') is subject to delivery delays of up to two weeks due to mail security procedures. All written comments received will be posted at http://www.ntia.doc.gov/broadbandgrants/commentsround2.cfm. Paper submissions should also include a CD or DVD in HTML, ASCII, or Word format (please specify version). CDs or DVDs should be labeled with the name and organizational affiliation of the filer, and the name of the word processing program used to create the document.

Dated: November 9, 2009

/Signed/
Jonathan S. Adelstein,
Administrator, Rural Utilities Service

/Signed/
Lawrence E. Strickling,
Assistant Secretary for Communications and Information